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CENTRAL INTELLIGENCE AGENCY

6 January 1964

MEMORANDUM FOR:

Mr. Allan Evans, State (INR)

[redacted]
Lt. Colonel J. R. Voseipka, USA (ACSI)

Captain A. W. Long, USN (ONI)

Lt. Colonel R. D. Day, USAF (AFNIEBB)

[redacted] Chief,

Policy Staff, NSA

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SUBJECT:

NIE 24-64: THE OUTLOOK FOR ITALY

1. The attached draft terms of reference are forwarded for review.

2. It is requested that your representatives meet with us at 1000, Monday, 13 January, at CIA Headquarters for oral contributions.

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[redacted]
Executive Officer
National Estimates

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GROUP 1

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C E N T R A L I N T E L L I G E N C E A G E N C Y

6 January 1964

SUBJECT: TERMS OF REFERENCE: NIE 24-64: THE OUTLOOK FOR ITALY*

SCOPE

This estimate will review the Italian situation in the light of developments since our estimate of a year ago -- among them the April general elections and the subsequent fall of the Fanfani government, the breakdown in June of an initial attempt to form a center-left government with full Socialist participation, and the final emergence of such a coalition in December after a period of intensive political maneuver. The estimate will be primarily concerned with certain immediate questions which this new phase of the center-left experiment poses for the US: the likely character and outlook of the new government; the tasks and difficulties it confronts in attempting to establish itself and surviving for any considerable period; and the impact of Socialist

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This estimate supersedes both NIE 24-63, "Implications of the Center-Left Experiment in Italy," dated 3 January 1963, and NIE 24-61, "The Outlook for Italy," dated 13 January 1961.

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participation on the government's policies and freedom of action, especially in the foreign policy and defense fields. However, the estimate will also consider the general lineup of political forces in Italy and the implications thereof for Italian political stability in the longer run.

An outline of topics to be considered at an oral contributions meeting is attached.

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TOPICS FOR DISCUSSION AT ORAL CONTRIBUTIONS MEETING

- A. The Nature of the New Government. What is the composition of the new government both in terms of personalities and the relative strengths of the participating parties?

- B. The Christian Democrats. How have the events of the past year affected the relative strengths and positions of the various forces, factions, and personalities within the DC? How has Moro shaped up as a leader and what leverage does he have? What are the implications of the barely suppressed revolt on the right?

- C. The Socialists. What is the present state of the PSI and how is it likely to be affected by the recent defection of left-wingers? Is Lombardi likely to be more or less of a problem for Nenni than in the past? How much freedom of action is the PSI likely to have now that it has actually joined the government? What specific actions are the PSI leaders likely to insist on, especially over the next six months to a year, as the price of continued support of the government?

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Where do Saragat's Social Democrats figure in the regrouping of the Italian left now going on?

- D. The Communists. How have the fortunes of the Communists been affected by the elections and their subsequent efforts to exploit economic issues? By the splintering off of the Socialist left? What tactics is the Party likely to follow in its efforts to avoid isolation and weakening of its position? How will the new political circumstances affect Socialist-Communist relations within the labor federation?
- E. The Role of the Church. What are the implications for Italian political life of the liberalization now going on within the Church? Of the Bishops' statement on communism? Of the Pope's intervention to assure full DC support for the new coalition? What is the likely longer-term role of the Church in Italian politics?
- F. Economic Factors. What is the general outlook for the Italian economy? How serious are Italy's present economic problems and how much of a threat do they pose for the new government? Does business suspicion of or

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opposition to Socialist participation in the government represent a significant present or potential threat? What are the possibilities for serious labor disturbances?

- G. Internal Security. Is there any significant opposition to the government within the military or the police?
- H. The Socialist Impact on Foreign and Defense Policy. How serious are the divergences between the Socialists and other elements in the government on the MLF and other current questions of foreign and defense policy? How far are the Socialists likely to go in resisting new external commitments? In seeking to impose restrictions on present commitments? How far are Moro, Saragat and Andreotti likely to go in pressing the Socialists? What are prospects for an easing of present Socialist views?
- I. Future of the Coalition. What are the prospects for implementation of the coalition's legislative program? What, in general, are its prospects for survival? If it does collapse, on what issues and under what domestic political conditions is this likely to happen? What would be the probable effect on Italian domestic politics, the economic situation, and foreign policy of such a collapse?

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